

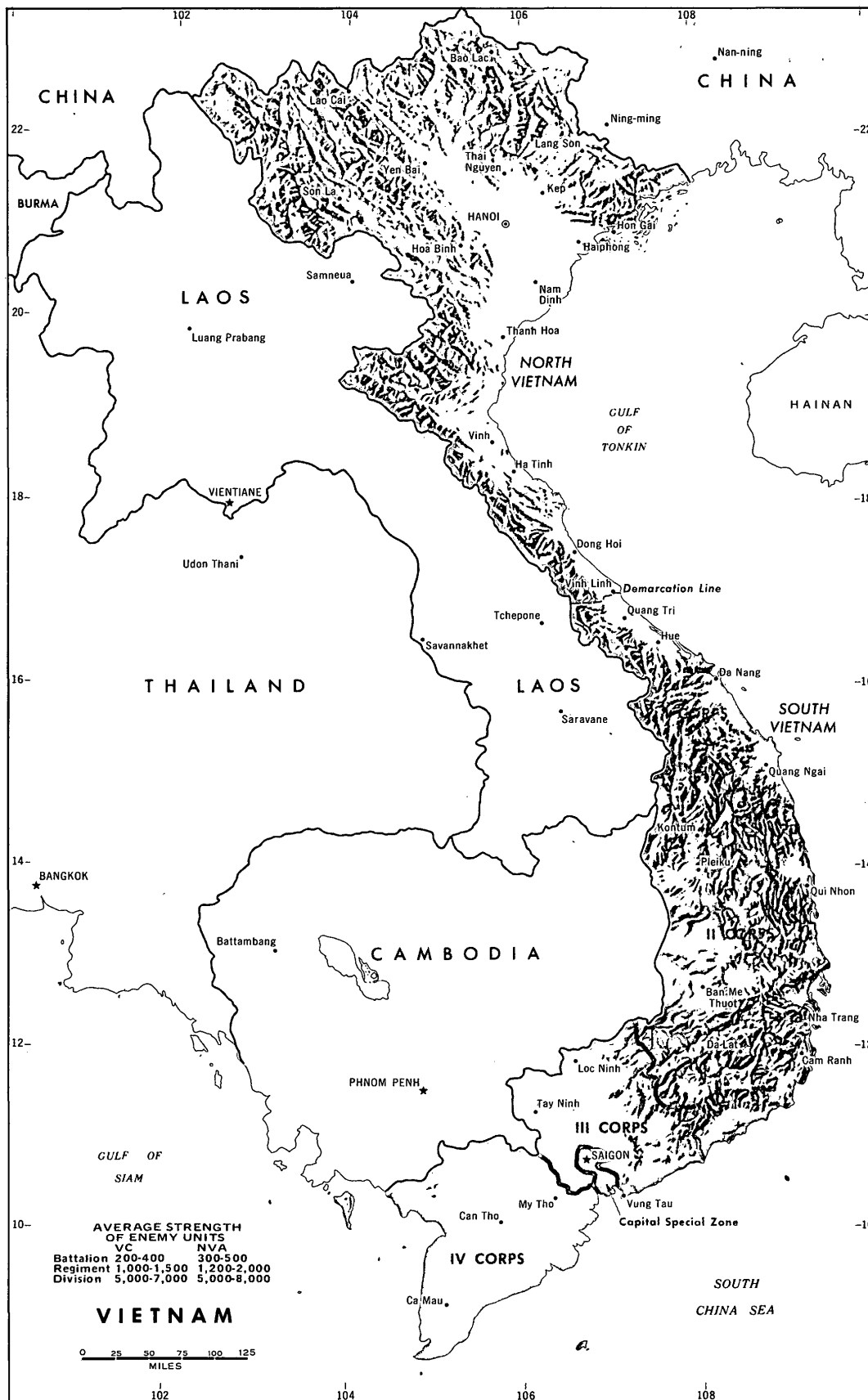
The President's Daily Brief

10 July 1969

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I. MAJOR PROBLEMS

VIETNAM

Military spokesmen in Saigon report that Communist mortar and rocket forces slightly stepped up the pace of their shelling last night.

Some ten rockets hit a South Vietnamese Army dependents housing area in Bien Hoa Province, and there were some 29 separate attacks throughout the country.

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The Communists have offered no explanation for Le Duc Tho's reported departure for Hanoi yesterday beyond the customary assertion that it is routine and had been decided before Xuan Thuy's return to Paris last week. Tho's return to Hanoi (his fourth since he joined the North Vietnamese delegation in June 1968) could mean that the Hanoi leadership wishes to consult with its top man in Paris on matters raised but not settled during Xuan Thuy's recent sojourn in North Vietnam.

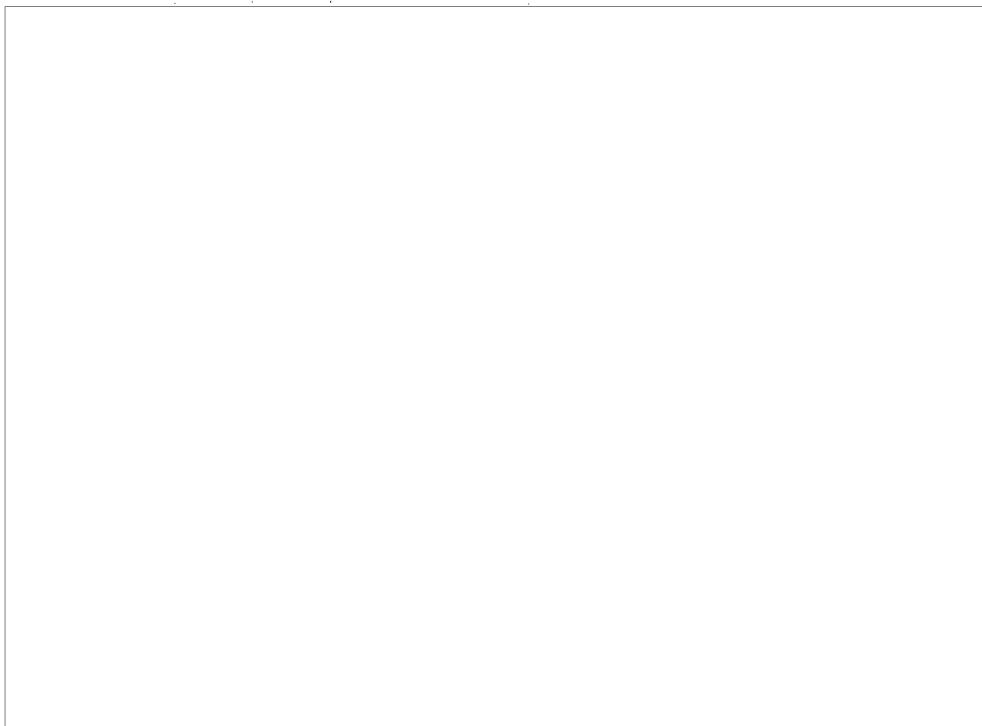
On the other hand, a return to Hanoi by Tho might not be directly related to the Paris talks. Tho is a member of the central committee secretariat and chief of the party Organization Department. The Vietnam Workers Party is now actively engaged in indoctrination campaigns in which both the secretariat and the Organization Department play major roles. In

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past years, Le Duc Tho has been prominent in such campaigns and he may find it necessary to spend considerable time back in Hanoi on domestic matters.

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SOVIET AFFAIRS

Rumors are being circulated in Eastern Europe,

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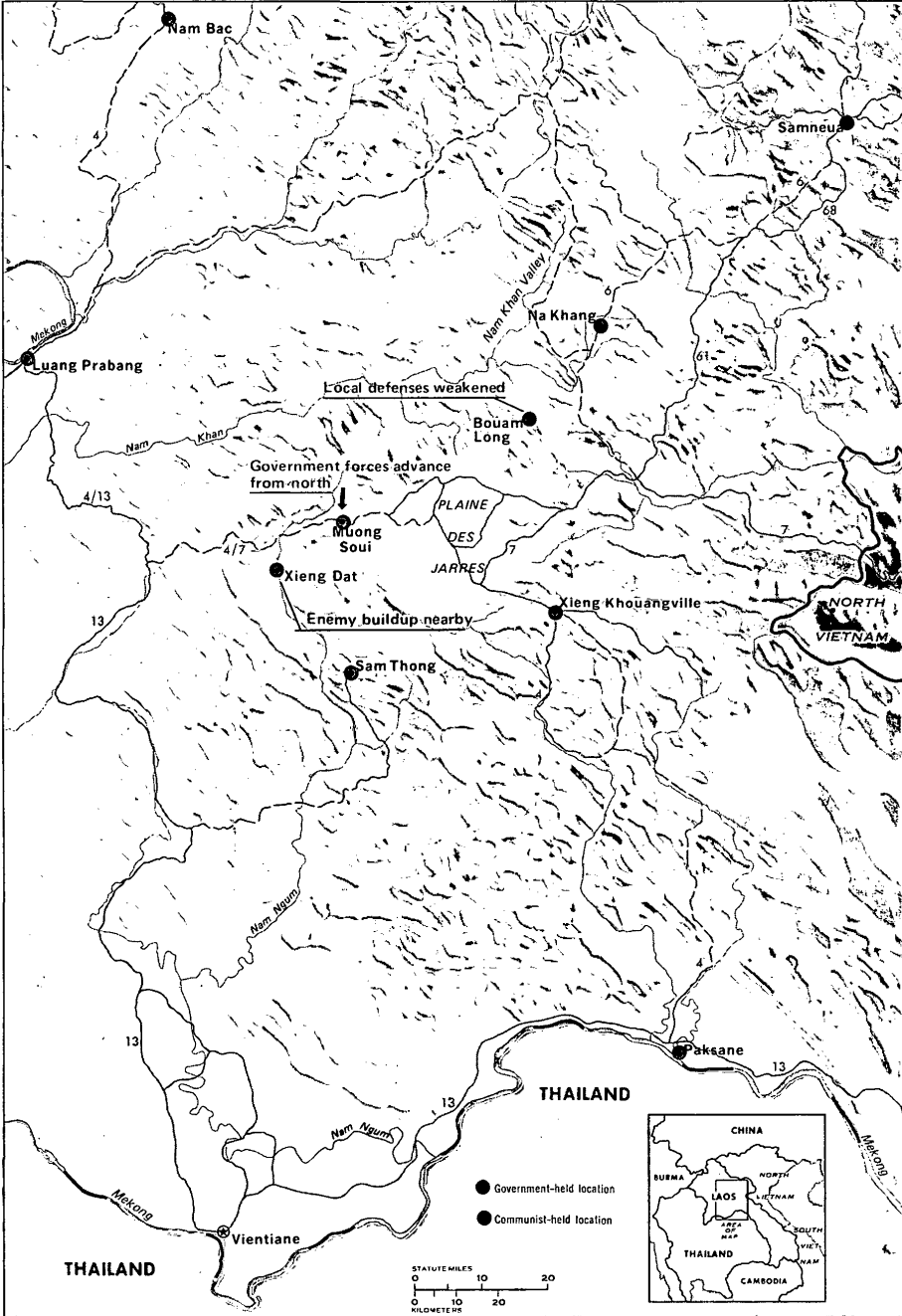
that a Warsaw Pact exercise in mid-August will bring massive forces (32 to 40 divisions) to the borders of West Germany, Austria, and Yugoslavia; this would, of course, also put them close to Romania. Such an exercise cannot be completely ruled out but seems improbable. The rumors,

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bear the marks of

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LAOS: Current Situation



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a scare operation. They may be intended to intimidate Romania and Yugoslavia. They could also have a chilling effect in Western Europe, especially in Bonn.

MIDDLE EAST

With prospects for an early peace settlement in the Middle East apparently diminishing, the attitudes of both the Israelis and the Arabs are hardening, leading to an ever-rising spiral of hostile actions along the so-called cease-fire lines. At annex today we discuss these attitudes in Israel; in a later issue we will consider the Arab viewpoint.

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There is nothing significant to report on Europe.

II. OTHER IMPORTANT DEVELOPMENTS

LAOS

The government is finding the going slow in its week-old effort to retake Muong Soui. Some of General Vang Pao's forces have moved onto the high ground overlooking Muong Soui from the north. Bad weather and a stiffening enemy defense, however, have hampered government efforts on the other approaches. An added problem for Vang Pao is the reluctance of neutralist forces, regrouped after fleeing Muong Soui last month, to carry out their part of the counterattack.

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The Communists also have the option of attacking government posts north of the Plaine des Jarres, where local defense forces were recently weakened to support the Muong Soui operation.

PANAMA

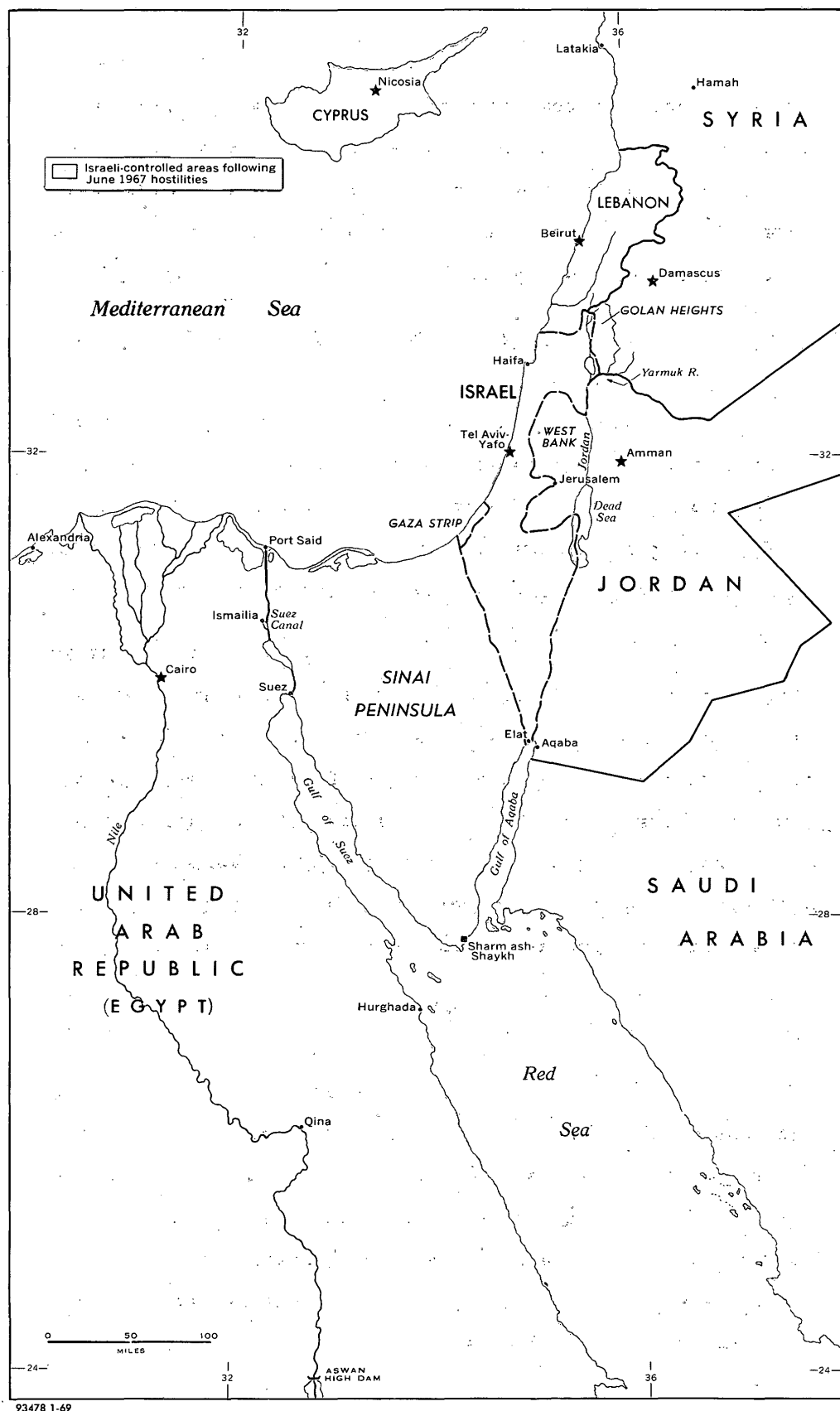
Panamanian National Guard strongman Torrijos and his foreign minister have recently hinted to the press that the government is examining the Canal treaty question. General Torrijos is reported to have said that the government plans to recover Panama's sovereignty over the Canal and is confident that the "suspended" negotiations could be reopened. Torrijos may hope to initiate discussions during his planned visit to the US in August or September.

In order to circumvent the usual constitutional procedures, which require treaty ratification by the national assembly, Torrijos is said to be thinking of a plebiscite. It is questionable, however, whether a pact by-passing the constitutional process would be honored by succeeding governments.

EAST GERMANY - EGYPT

The Egyptian Government announced yesterday that it is going to recognize East Germany. The East Germans, who have long concentrated their efforts to obtain recognition abroad on Egypt, will consider Cairo's decision to be a major breakthrough. Egypt would become the sixth and most important country to recognize East Germany since 30 April.

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ISRAEL'S NEW MOOD

In recent weeks, the Israelis have demonstrated a new mood of activism and toughness in military matters, and have been increasingly open in their defiance of Big Power efforts to achieve a peace settlement.

Their new temper rises from frustration: despite three defeats of the Arabs, peace seems as elusive as ever; the daily battles with fedayeen and regular Arab forces on the Jordanian and Egyptian fronts show no sign of let-up, and the Syrian front is beginning to heat up as well; terrorist attacks in Israel itself are increasing, and Arab hostility is continually evident in the occupied territories. Unable to dictate the peace--or even to get the Arabs to negotiate--Israel clearly seems to have set its course on a "not budge an inch" policy toward the territory it won in 1967, while striking harder and harder at the Arabs.

On the military front, the new air of frustration is evident in Defense Minister Dayan's more frequent statements that peace is far off, that Israel must accept and endure continuing harassment and casualties, that the Israelis must learn to live with "something short of peace;" indeed, that Israel must be ready for another all-out war. The result of this attitude is a new military activism based on the theory that the Arabs understand only force. The Israelis are now more aggressive on the ground and in the air--even sending flights over Cairo itself. They are mounting more cross-border operations, are again striking at targets designed to

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hurt the Arabs economically, and are hitting more and more at regular Arab forces in Jordan. Foreign Minister Eban claims that the purpose of the new truculence is to convince the Arabs they cannot budge Israel from the cease-fire lines without a peace settlement, but the Israeli leaders realize these attacks deter the Arabs only temporarily; they apparently have so far found no other acceptable alternative.

The Israelis' new mood also suggests that they are perhaps hurting more than they want to admit, that the constant harassment is getting to them. A new factor--especially alarming to the Israelis--is the inclusion of supposedly "tame" Israeli Arabs among the suspects arrested after the recent fedayeen attack on the Haifa refinery pipeline and the bombing in Tel Aviv. This evidence that the fedayeen may be having some success in recruiting among this sensitive element of the population can do nothing but heighten Israeli concern for the future.

The danger in all this is, of course, that the Israelis might convince themselves that larger operations would bring longer pauses from the Arabs--despite the attendant risk that miscalculation could mean full-scale war, which no one wants. In the aftermath of the Gromyko-Nasser talks in Cairo, which the Israelis saw as foreshadowing continued Arab inflexibility, a highly placed Israeli told US officials that Israel must now play brinksmanship with Egypt and the Soviets.

On the diplomatic front--inseparable from the military situation--the Israelis are demonstrating a similar belligerence. Since the Big Power talks began last fall, the

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Israelis have reacted first with alarm, then with increasingly open defiance.

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criticism of Big Power talks

is made daily by Israeli leaders from Prime Minister Golda Meir on down.

Israeli leaders now also seem even more open than previously about revealing Israel's territorial demands--what Israel requires as "secure and recognized borders." They still refuse to define their territorial demands and they hint of flexibility, but they are clearly moving ahead to consolidate their grip on the occupied territories. Mrs. Meir told the Knesset on 8 July that new settlement outposts would shortly be established at locations considered suitable from both a security and development viewpoint. The Israelis already have some ten settlements in the Golan Heights and plan to at least double this number; there are also some five on the West Bank, and three in the Sinai.

During the Security Council debate that led to censure of the Israelis for annexationist designs on Jerusalem, they ostentatiously moved their police headquarters to East Jerusalem, and Deputy Prime Minister Allon transferred his residence there as well. Moreover, the Israeli Foreign Ministry issued a defiant statement after the censure that Jerusalem would remain united and the capital of Israel. In addition, Dayan now publicly proposes that the Golan Heights of Syria

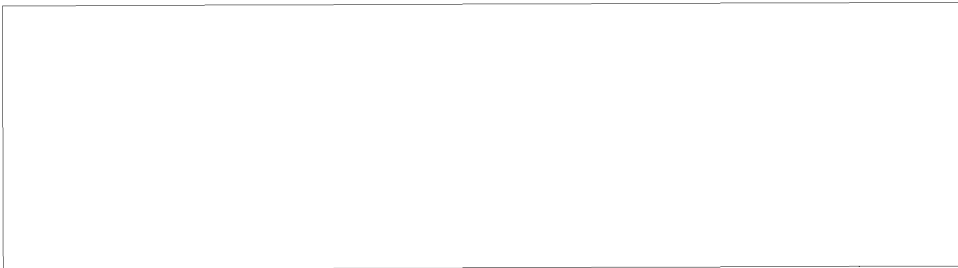
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be treated as part of Israel, and says that Israel will need "major changes" on the West Bank. He and other cabinet ministers insist that Israel will retain the Gaza Strip and Sharm ash Shaykh.

All Israeli leaders have thus made it abundantly clear that they will reject any agreement reached by the Big Powers which, in their view, threatens the security of Israel. Moreover, their statements now include public and frequent attacks on the US, usually accompanied by adamant claims that they will resist unpalatable suggestions even by their friends.



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